

ARIZONA DEPARTMENT OF REAL ESTATE
REAL ESTATE ADVISORY BOARD
MINUTES
May 4, 2006

The Arizona Real Estate Advisory Board met on Thursday, May 4, 2006 at the Arizona Department of Real Estate (ADRE), 2910 N. 44th Street, First Floor Conference Room, in Phoenix, Arizona.

I. CALL TO ORDER

Chair Gary Brasher called the meeting to order at approximately 10:05 a.m.

Present:

Gary Brasher, Chair, Tubac
R.L. Brown, Member, Sun City
Frank Dickens, Member, Flagstaff
Tom Pancrazi, Member, Yuma
Vince Pellerito, Member, Scottsdale
Ann White, Member, Tucson
Felipe Zubia, Member, Avondale

Unable to attend: Members Lisa Suarez and Vicki Cox Golder of Tucson.

ADRE representatives present:

Elaine Richardson, Commissioner
Ronald Passarelli, Deputy Commissioner
Dick Simmonds, Assistant Commissioner
Tom Adams, Investigations and Auditing Division Director
Colin Austin, Deputy Director, Professional Education Division
Janet Blair, Deputy Director, Auditing Division
Connie Johnson, Deputy Director, Licensing Division
Carla Randolph, Assistant to the Commissioner
Mary Utey, Public Information Officer/Special Assistant to the Commissioner
Cindy Wilkinson, Director, Licensing and Professional Education Division
Senator Randall Gnant, Consultant

Public present:

Spencer Kamps, Home Builders Association of Central Arizona

II. MINUTES

Upon motion by R. L. Brown, seconded by, Ann White the Minutes of the January 19, 2006 meeting were unanimously approved.

III. FACILITATOR REPORT FROM ADVISORY BOARD MEMBERS

Chair Brasher requested that members report on their facilitator inquiries. Several members reported that they had received various inquiries from the public.

IV. COMMISSIONER'S REPORT

Budget

Commissioner Richardson reported that the Governor's proposed Budget is still in negotiations. It is projected that there will be a \$500,000.00 increase to the ADRE's FY07 Budget. Recently the Department met with the Home Builders Association of Central Arizona (HBACA) regarding the Department's budget. Commissioner Richardson provided the Board with a copy of an email response to a request by Spencer Kamps of HBACA referencing the budget. The response made reference to the Governor's Budget recommendations as well as an explanation of the allocations in the FY06 Budget. Commissioner Richardson stated that Subdivisions continues to be a top priority in the recommendations, as it has been in the past. To date, no one has supported the ADRE's budget.

Personnel Changes

Commissioner Richardson introduced the following ADRE employees and announced their new positions as follows:

Colin Austin, Deputy Director of Education
Janet Blair, Deputy Director of Auditing
Connie Johnson, Deputy Director of Licensing
Dick Simmonds, Assistant Commissioner and Director of the
Administrative Actions Division
Mary Utley, Director of Personnel and Public Information Officer
Mike Wheeler, Deputy Director of Administrative Actions

Awards Banquet

Mary Utley announced the formation of the ADRE Awards Banquet Committee and that it was established to identify those real estate professionals who have made positive contributions to the industry, and should be recognized for their hard work. Some of the Committee members include Board Members Frank Dickens, Lisa Suarez and Ann White. Diane Saunders, Special Assistant to the Governor, will be attending the next Awards Banquet meeting.

Media Update

Commissioner Richardson reported on recent and favorable media coverage. Several articles regarding the ADRE appeared in the Arizona Republic, Arizona Daily Star, Arizona Daily Sun, and the Capitol Times and copies were distributed

to the Board. She also reported on several television interviews in which the Department's Public Information Officer was interviewed on buying property in Mexico.

ADRE Consultant Report

Commissioner Richardson introduced former Senator Randall Gnant, who was hired (based on his experience and expertise in the business sector and the Legislature) as a consultant to evaluate the processes and procedures in the Administrative Actions Division and other ADRE Divisions. Commissioner Richardson requested from Senator Gnant a presentation on his innovations and streamlining efforts that the ADRE has adopted and implemented.

Senator Gnant explained that the increase in disciplinary cases was due to an increase in the number of licensees. He reported a 60 percent increase in cases in the Administrative Actions Division in comparison to the previous year. Senator Gnant designed and built a new database for tracking the almost 500 pending cases that will assist in the management of the cases and with the added benefits the prior database did not offer. Senator Gnant reported on the inability of the Attorney General's Office to provide adequate "manpower" to handle all the cases the ADRE refers to them. Senator Gnant explained the positive impact of the new Accelerated Settlement Agreement (a.k.a. Traffic Ticket), which has been very successful for the ADRE in settling many in-house cases.

As a licensee, Senator Gnant expressed how he has enjoyed his work at the ADRE as well as being proud of the work ADRE is accomplishing despite the lack of funding. Senator Gnant stated, "that it is unconscionable" that the ADRE is paying money into the State general fund unlike so many other state agencies. He recommended that the ADRE pursue becoming a 90/10 agency. Additionally, he stated that the fees he pays as a licensee should go towards regulating the real estate profession, not some other area.

Commissioner Richardson commended and thanked Senator Gnant for his work and the positive impact he has had on the ADRE.

Licensing and Professional Education Division

Cindy Wilkinson reported on the implementation of a new process for the 11 full-time staff members to handle the approximately 80,000 licensees. The process eliminates the special handling and expedited processing of applications. This will encourage licensees to engage in more online usage when filing a renewal application and/or change, or to mail in their applications. The Front Counter now has a drop box

for applications and a concierge to assist the walk in customers. Incomplete applications are now returned with a deficiency checklist instead of being accepted and held by the ADRE pending the additional documentation. As a result of the new policy and process, the timeline for processing applications for the Licensing Division went from an estimated 9-week timeline to a 2-week timeline.

Ms. Wilkinson also reported that the Department has resumed auditing classes and schools.

Ms. Wilkinson announced and distributed a draft Substantive Policy Statement entitled "Pre-Licensure DVD" that would require real estate schools that offer approved prelicensing education to show the DVD (before or during the first class session). The DVD features the Commissioner speaking to prospective candidates as they begin real estate school. **The message is that honesty, truthfulness and good character** are requirements for licensure and that to apply for a license disclosure of any criminal convictions, adverse judgments, disciplinary actions against other professional or occupational licenses, etc., must occur. Failure to disclose these items may disqualify them from being licensed. Ms. Wilkinson further reported that the number of these types of disclosures to the ADRE has increased substantially.

Arizona-Mexico Commission - Real Estate Ad Hoc Committee

Mary Utley reported on the continued progress of the Arizona-Mexico Commission - Real Estate Ad Hoc Committee (REAHC). The REAHC and its Sonora counterpart met in Hermosillo, on April 7, 2006, where Ricardo Platt, Secretary of Economy for the State of Sonora announced an exciting proposed law change to require licensure for agents in Sonora. Currently, agents may voluntarily "register" on the Sonora Agent Registry.

Ms. Utley reported that the proceeds from the Mexico Law Workshops have provided over \$9,000 to the Education Fund.

Association of Real Estate License Law Officials (ARELLO)

Commissioner Richardson announced that Mary Utley was selected for an all expense paid trip by the Association of Real Estate License Law Officials (ARELLO) to attend the Annual ARELLO Conference in San Antonio in October 2006. The purpose of this selection is to facilitate a panel and conduct a presentation on buying property in Mexico.

V. REPORT ON DIVISION MONTHLY REPORTS

Deputy Commissioner Ron Passarelli provided the Board with the monthly ADRE activity report and highlighted the following activity for March:

- The total number of current licenses is in excess of 80,000 and is a 14 percent increase over last year.
- The Professional Education Section reports an increase of 9 percent in prelicensing course applications.
- The Subdivisions Division has seen a 45 percent increase in Expedited Subdivision Public Report Applications. The number of Public Reports issued is up 43.7 percent in comparison to last March. The overall increase is approximately 17 percent.
- The Investigations Division has closed 30 percent more cases this fiscal year than it did the previous fiscal year. The average days to close a case is approximately 124 days in comparison to 175 days last March.
- The Administrative Actions Division has seen a 150 percent increase in cases over March of last year and holds a case load of approximately 485 cases.

V. SUBDIVISION TASK FORCE

Chairman Brasher discussed the Subdivision Task Force and one of the recommendations that has been implemented by the ADRE (via a pilot program) to reduce timeframes for the Department's processing of Subdivision Public Report Applications. This recommendation pertains to streamlining the initial review process of the regular Public Report Applications.

VII. OTHER MATTERS

Commissioner Richardson discussed a program that was addressed at a recent Cabinet Meeting where agencies can utilize the Department of Corrections phone bank support services. She announced that in the future the Department may consider utilizing this program to handle the high volume of incoming telephone calls to the ADRE.

VIII. CALL TO THE PUBLIC

None.

IX. ADJOURNMENT

On a motion by Vince Pellerito, seconded by Frank Dickens and approved by the Board, Chair Brasher adjourned the meeting at 11:15 a.m.

DATED THIS _____ day of July 2006.

ARIZONA REAL ESTATE ADVISORY BOARD

By: _____
Gary Brasher, Chairman